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AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE DIVISION OF COOPERATIVE MARKETING,
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HALF BILLION POUNDS OF COOPERATIVE BUTTER ANNUALLY

Approximately half a billion pounds of creamery butter is made annually in the plants of cooperative associations, according to reports made to the Division of Cooperative Marketing of the United States Department of Agriculture. Data regarding the activities of 1,480 cooperatives engaged in making butter have been tabulated for the year 1926. Ninety-seven per cent of the total quantity was made by associations operating creameries, two per cent by associations engaged in marketing fluid milk and cream, and one per cent by associations engaged chiefly in making cheese or in condensing milk.

The half billion pounds made by the cooperatives is a trifle more than one-third of the total creamery butter made in the 4,000 plants reporting production figures to the Department of Agriculture. It is 34 per cent of the creamery butter produced in the 38 states in which the 1,480 cooperatives tabulated are located.

Seventy-four per cent of all the cooperatively made creamery butter is produced in three states. Minnesota cooperatives made 36 per cent of the total in 1926; Wisconsin associations, 23 per cent; and Iowa associations, 15 per cent. These three states, with California and Michigan added, produced 84 per cent of the butter made cooperatively in the United States in 1926. About 61 per cent of all the creamery butter produced in the three states, Minnesota, Wisconsin and Iowa, was made in cooperatively owned plants. The percentages for the individual states are: Wisconsin, 72 per cent; Minnesota, 66 per cent; and Iowa, 44 per cent. For some of the other states the percentages are as follows: Idaho, 50; Vermont, 49; California, 47; Washington, 41; Oregon, 35.

Reports from 78 per cent of the plants classified as cooperative creameries show an average production of 353,030 pounds of butter per association for 1926. The highest of the state averages for cooperative creamery associations was for 12 associations in California, it being 2,297,487 pounds. The figures for some of the other states with high averages for cooperative plants were: Idaho, 4 associations reporting, 1,796,603 pounds; Missouri, 5 associations, 809,614 pounds; Nebraska, 11 associations, 659,431 pounds; Washington, 11 associations, 605,419 pounds; Oregon, 8 associations, 531,636 pounds. The averages for several of the leading dairy states were: Wisconsin, 202 associations reporting, 428,293 pounds; Iowa, 169 associations, 332,073 pounds; Minnesota, 505 associations, 288,005 pounds; New York, 5 associations, 176,597 pounds; Vermont, 18 associations, 140,831 pounds.

LIMA CREAMERY REPORTS ANOTHER RECORD YEAR

"Another record year" was reported for the Farmers' Equity Union Creamery Company, Lima, Ohio, at the annual meeting held February 24, with about 1,200 members in attendance. The 1927 volume of business was heavier than ever before, the output including over 1,250,000 pounds of butter, 50,000 quarts of ice cream, 1,000,000 quarts of milk, 4,000,000 eggs, and 190 tons of dried buttermilk. Sales for all departments aggregated \$863,797, with net earnings of \$17,692.

Sales for 1925, 1926 and 1927 were as follows:

Commodity	1925		1926		1927	
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Butter, etc.	\$514,890	80.7	*\$490,076	72.3	*\$598,755	69.3
Milk	28,869	4.5	56,321	8.3	113,886	13.2
Eggs	63,668	10.0	92,486	13.6	104,420	12.1
Ice cream	30,721	4.8	32,871	4.9	39,424	4.6
Cheese	-----	---	6,302	1.9	7,312	.8
Total	\$638,148	100.0	\$678,056	100.0	\$863,797	100.0

* Including dried buttermilk.

Development of the organization since 1924, the first full year of operation, is indicated below:

Year	Butter made	Total sales*	Net earnings
	(Pounds)		
1924	1,046,837	\$462,585	\$ 3,275
1925	1,165,504	638,148	21,881
1926	1,138,682	#678,056	9,283
1927	1,250,000	#863,797	17,692

* Including sales of ice cream and eggs.

Including dried buttermilk.

At the present time the creamery has a net worth of \$150,950, including share capital of \$130,492, and a surplus of over \$20,458. The membership has increased from 1,000 to nearly 1,500 and the number of patrons is about 1,600. The dried buttermilk department began operating in 1926.

MINNESOTA CREAMERY HANDLES POULTRY AND EGGS

During the past eight years the quantity of butter made by the Farmers' Cooperative Creamery, Mora, Minn., has increased from 264,949 pounds to 821,414 pounds. Butter sales for 1927 amounted to \$369,600 and total business to \$601,335. Sales other than those for butter were: buttermilk and buttermilk powder, \$9,869; cream, \$646; feeds, seeds and fruit, \$150,239; poultry, \$27,448; eggs, \$38,483; hides, \$660. During the year 150,866 pounds of poultry and 143,764 dozens of eggs were sold. The association was serving 435 patrons at the close of the year. Twenty-one patrons delivered more than 3,500 pounds of butterfat each, and the entire 21 delivered 13 per cent of all the butterfat handled by the creamery. Net earnings for the year were \$14,533, which added to the surplus, gave a total surplus at the end of the year of \$70,782.

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BIG PRODUCTION OF BUTTER BY COOPERATIVE

Although not yet ten years old the Milk Producers' Association of Central California, Modesto, made 7,407,989 pounds of butter in its two plants in 1927. The output of the Modesto plant was 6,433,869 pounds and of the Stockton plant, 974,120 pounds. In addition to making butter this association manufactured other dairy products as follows: milk powder, 5,721,693 pounds; buttermilk powder, 1,471,904 pounds; casein, 216,716 pounds. Pasteurized milk is sold from the Stockton plant, also about 20,000 pounds of skim milk daily.

Sales of the dairy products from the two plants amounted to \$4,619,122 for 1927. Sales for the Modesto plant were \$3,896,283, and for the Stockton plant, \$722,839. The total income of the association from all sources was \$4,644,488.

The association began operating on May 1, 1918. The first eight months it made less than 2,000,000 pounds of butter. Each year from the first the record of the previous year has been broken. Plans are now being made for installing a large plant for producing condensed milk.

It is reported in the house organ of the association that the butterfat yield has increased since 1920 from 183 pounds per cow per year to 216 pounds, largely because of the activities of cow-testing associations.

Nearly 2,000 people attended the annual meeting of the organization held February 17. The present membership of the association is 2,210, and the number of patrons is 2,658.

MICHIGAN ASSOCIATION DEVELOPS FROM MODEST BEGINNING

The seventeenth annual report of the Litchfield Dairy Association, Litchfield, Mich., shows that 928,840 pounds of butterfat was received and converted into 1,146,142 pounds of butter which sold for \$532,874. This association was formed in 1911 and has slowly developed from a modest beginning. The average cost of making butter in 1927 was 3.38 cents a pound, compared with 3.62 cents in 1926. The average price paid for butterfat was 53 cents in 1927 and 50 cents on 1926.

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CALIFORNIA CREAMERY REPORTS SUBSTANTIAL GROWTH

In fifteen years the number of shareholder-members of the Petaluma Cooperative Creamery, Inc., Petaluma, Calif., has increased from 33 to 615 and the quantity of butter made annually from 200,000 pounds to more than 3,500,000.

Sales of dairy products for the year ending June 30, 1927, amounted to \$1,617,636. Patrons received refunds amounting to \$63,784 in addition to 4 per cent interest on the amounts invested in share capital.

The following figures were compiled from the reports of the organization:

Year	Butter made	Sales of dairy products	Butterfat purchased	Patronage refunds	Number of share- holders
	(Pounds)		(Pounds)		
1913*	200,000				33
1914*	500,675	\$ 133,242			53
1915*	646,642	216,055			75
1916*	740,250	232,354			98
1917*	858,577	357,140			121
1918*	1,000,590	521,459			156
1919*	1,333,776	840,242			182
1920#	1,126,666	710,884			258
1921**	2,227,684	1,097,124	1,858,958		333
1922**	2,584,138	1,130,293	2,142,408	\$39,316	385
1923**	2,823,677	1,400,142		43,276	415
1924**	2,553,286			15,954	420
1925**	2,705,842			40,598	446
1926**	2,904,595	1,377,688	2,369,983	45,631	513
1927**	3,540,577	1,617,636	2,880,993	63,784	615

* Year ending December 31. # Six months ending June 30.

** Year ending June 30.

SPECIAL REFRIGERATOR CARS FOR FARMERS' UNION

The Farmers' Union Cooperative Creamery, Kansas City, has a sufficient volume of business to secure specially painted refrigerator cars for its own use. These cars are painted yellow and bear the words "Farmers' Union Cooperative Creamery, Kansas City, U. S. A. Butter, Eggs, Poultry," in large letters on each side. These cars are decorated by the owners and turned over to the creamery association for use, as a means of rendering service and securing business. Eighty-five cream receiving stations and 17 egg receiving stations have been established by the association.

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FRANKLIN CREAMERY ASSOCIATION DISTRIBUTES MILK

Sales in 1927 to the amount of \$3,341,740 were reported at the ninth annual meeting of the Franklin Cooperative Creamery Association, Minneapolis, held January 28, 1928. Total sales included the following items: milk, \$1,878,722; butter, \$568,322; cream, \$519,679; ice cream, \$244,600; buttermilk, \$69,709; Franco, \$43,284; certified milk, \$11,202; skim milk and cheese, \$6,116; eggs, \$106. Expenses were as follows: manufacturing, \$2,252,693; delivery, \$818,650; administrative, \$156,747; other expenses, \$55,544. Net earnings for the year were \$67,499, of which amount \$24,497 came from the plant in South Minneapolis and \$43,002 from the plant in North Minneapolis. The net earnings of the south plant were 1.47 per cent of the gross sales for the plant, and the net earnings of the north plant were 2.1 per cent of its gross sales.

A dividend of 5 per cent was declared out of net earnings on outstanding share capital of \$951,100. The sum of \$1,500 was set aside for the use of the educational committee during 1928, and the balance of the net earnings was carried to the reserve fund which on December 31, 1927, stood at \$37,611. The financial statement, as of December 31, showed current assets of \$339,082. which was nearly three times the current liabilities of \$116,664.

This enterprise is a cooperative milk-distributing company with a membership of employees and consumers. The two plants owned by the association, with machinery, equipment, furniture, fixtures and the necessary delivery equipment, were valued at \$1,111,007 on December 31, after deductions for depreciation. Among the other assets of the association were, cash, \$204,879; and inventories, \$73,138.

The growth of this association is indicated by the following figures for annual sales: 1921, \$884,063; 1922, \$1,670,693; 1923, \$3,106,991; 1924, \$3,301,591; 1925, \$3,533,175; 1926, \$3,398,659; 1927, \$3,341,740.

MELON ASSOCIATION GAINING NEW MEMBERS

More than 400 new names have been added to the membership roll of the Sowego Melon Growers' Association, Adel, Ga., since the 15th of November, 289 being added during January. New members to the number of 525 were accepted during 1926-27 but the management expects an even larger increase the present season. The first five-year contracts expire with the 1928 marketing season, after which old members will have an opportunity of signing a new five-year agreement.

At the fourth annual meeting of the Sowega Fertilizer Corporation, the treasurer reported that "every dollar of the capital stock and reserve was in hand and unimpaired, with no outstanding bills or other indebtedness." This company was organized to serve members of the Melon, Growers' Association by supplying fertilizer requirements at cost with assurance of the required quality. Its business has increased each year and so far this season the corporation has handled three times the amount of business done in former years.

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VIRGINIA TOMATO GROWERS WILL RECEIVE REFUND

Members of the Coan River Tomato Cooperative Association, Heathsville, Va., will receive a refund of 8 cents a crate on tomatoes shipped through the association in 1927, according to the report of the management. A total of 58,459 crates of tomatoes were forwarded to market during the shipping season. Total sales were \$108,679. The deduction of 75 cents a crate from returns was more than sufficient to meet marketing expenses which included crates, labor for packing, boat freight to Crisfield, Md., wharfage, and labor for handling crates.

This association was organized in 1924 and during the four years of operation has shipped more than 270,000 crates of tomatoes. The growth of the organization during the four years is indicated by the following figures:

Year	Number of members	Crates shipped	Net earnings	Available for refund* (Cents)
1924	138	36,198		5
1925	344	65,878		9
1926	590	112,439	\$9,859	11
1927	539	58,459	5,128	8

* Per crate.

YAKIMA ASSOCIATION HOLDS SEVENTEENTH ANNUAL MEETING

The general manager of the Yakima Fruit Growers' Association, Yakima, Wash., in his report at the 17th annual meeting of the shareholders, said, "An intelligent, progressive membership is its (the association's) biggest asset. Such a membership, together with the careful administration of the business of the organization by its officers and board (of directors), coupled with the energy and ability of a trained corps of employees, will insure to the association the continued success which it now enjoys." He further mentioned that the plan for developing an efficient organization included a policy of encouraging employees to fit themselves to handle the position of greater responsibility in their respective districts.

During the 1927 season two of the packing houses of the association were reconstructed and greatly enlarged. In all the houses 1,025,689 boxes of apples were packed for members and 22,225 boxes for nonmembers, also 152,867 boxes of pears. The several plants have a total value of nearly \$1,000,000 and the management recommends that the capital stock of the association be increased from \$300,000 to \$1,000,000.

Sales of growers' supplies amounted to \$432,535 for the year, compared with \$585,539 for the 1926 season.

Shipments for the last three seasons have been as follows:

Season	Apples (Cars)	Pears (Cars)	Peaches (Cars)	Prunes and Plums (Cars)	Other fruits (Cars)	Total (Cars)
1925-26	1,750	386	233	124	92	2,585
1926-27	1,920	698	331	157	191	3,297
1927-28	1,600	297	102	105	69	2,175

The growth of the association during recent years is shown by figures given below:

Season	Number of members	Acres of fruit	Cars shipped
1924-25	498	5,750	- - -
1925-26	620	7,158	2,585
1926-27	748	8,513	3,297
1927-28	846	9,676	2,175

PEAR ASSOCIATION HANDLES LARGE TONNAGE

Surplus earnings to the amount of \$59,802 are being distributed to the membership of the California Pear Growers' Association, San Francisco, at a series of district meetings. The income of the association for the 1927 season amounted to \$122,843 and expenses were \$59,398. The reserves at the close of the year amounted to \$157,900, including the amount now being distributed.

The largest tonnage of pears in the history of the association was sold during the 1927 season. About 300 tons were shipped to eastern markets and 24,749 tons were sold to the canning factories, for which the factories paid the growers \$1,051,312.

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SIXTEEN UNITS REPRESENTED AT ANNUAL MEETING

Sixteen member units of the Illinois Fruit Growers' Exchange, Centralia, Ill., were represented at the seventh annual meeting of the organization, held February 4.

The management reported that the 1927 fruit handled by the association was distributed to 58 markets. At the close of the year there was a credit balance of \$5,477 in the surplus account.

Resolutions were adopted at the annual meeting in behalf of a tariff on bananas imported, in behalf of equitable freight rates, and in behalf of educational work by the state department of agriculture directed toward the development in the small-town markets of the state of a sentiment in favor of Illinois products for Illinois consumers.

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NEW HEADQUARTERS FOR MUTUAL ORANGE DISTRIBUTORS

Holding open house for all its friends, the Mutual Orange Distributors, Redlands, Calif., dedicated its new headquarters building on February 25. Several thousand citrus growers, railway officials and interested individuals visited the new building during the day. This organization, formed in 1906, has increased its membership and tonnage by 500 per cent since that time.

For many years the Mutual Orange Distributors has been an exhibitor at the National Orange Show at San Bernardino, and "M.O.D. Day" has been a feature of the show. This year 42 prizes were awarded to its Pure Gold oranges, lemons and grapefruit, including the first prize for the most artistic display, and 17 first awards for navels, valencias, grapefruit and lemons. First place in the valencia competition was captured by the Arizona Citrus Growers, Phoenix, Ariz., which organization is affiliated with the Mutual Orange Distributors.

COOPERATIVE LIVESTOCK MARKETING IN OHIO

Livestock shipping associations in 42 Ohio counties shipped 8,204 decks of livestock to market during 1927, according to the annual report of the Ohio Livestock Cooperative Association, Columbus. These shipments included 72,474 individual consignments, consisting of 409,363 hogs, 141,396 sheep, 38,993 calves, and 15,012 cattle, a total of 604,764 animals. This stock weighed 117,727,410 pounds and had a market value of \$11,767,236.

The Ohio Livestock Cooperative Association is largely a clearing house of information and a service organization for its subsidiary units. Among the departments through which it serves its members are the following: transportation, auditing, field service, publicity, legislative, and legal. In the past year it audited freight bills and collected railroad claims; made 90 audits for 48 county livestock associations; made a drive for additional business; watched legislative action likely to affect cooperatives; gave legal assistance to the entire cooperative movement; held more than 100 meetings in behalf of cooperative marketing of livestock; distributed thousands of circulars; and carried on publicity and advertising programs. The association also compiled and published monthly reports of the livestock shipped by county associations, and published a pamphlet reviewing the development since 1917.

The development of cooperative livestock marketing is indicated by the following revised figures from the recently published report:

Year	Individual consignments	Decks shipped	Market weight	Value
			(Pounds)	
1921	45,000	5,353	82,235,170	\$ 5,980,070
1922	83,599	9,868	151,645,412	13,583,497
1923	84,433	10,562	163,550,523	12,423,236
1924	78,499	9,914	152,911,123	12,164,321
1925	75,424	8,565	128,751,284	13,961,437
1926	79,696	8,959	126,904,929	15,682,161
1927	72,474	8,204	117,727,410	11,767,236

Closely associated with the Ohio Livestock Cooperative Association is the Eastern States Company which functions as a cooperative order-buying organization and as an agency for marketing livestock direct from county associations to packers. During 1927 it handled livestock to the value of \$6,955,292 on the markets at Buffalo, Columbus, Cleveland and Pittsburgh. The number of animals handled was as follows: hogs, 262,670; sheep, 84,080; calves, 13,033; cattle, 284.

COOPERATIVE LIVESTOCK SHIPPING IN IOWA

"United we stick, divided we're stuck" is the slogan of the Northwood Cooperative Livestock Shippers' Association, Northwood, Iowa. This association was organized by eleven farmers, April 28, 1922; by the end of the year it had 149 members and on December 31, last 332 members. Since organization it has handled livestock to the value of \$2,085,634. The receipts for the various years were: 1922, \$73,794; 1923, \$235,349; 1924, \$273,837; 1925, \$383,157; 1926, \$555,568; 1927, \$564,334. Last year 328 cars of livestock, containing 950 cattle, 532 calves and 20,691 hogs were shipped.

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OHIO FARMERS OPERATE COOPERATIVE STOCK YARDS

Sixty-two per cent more livestock was handled by the Central Ohio Livestock Cooperative Association, Columbus, in 1927 than in 1926. The largest percentage increase was in the number of cattle handled, it being more than 150 per cent. Gross selling value of all livestock was about 40 per cent greater in 1927.

This association was formed in 1925 to take over and operate the stock yards at Columbus. It began operating October 1 of that year, and handled over 4,500 animals by the end of December. While at first some of the livestock received had to be shipped in order to find an outlet, the past year all the livestock delivered at the yard was sold to local buyers. The management states that the cost of operating the yards was 1.7 per cent of the gross sales for 1927.

During 1927 new unloading chutes were constructed and other improvements made. In November a grading demonstration was held which was attended by 500 farmers.

Below are given the available data regarding the activities of this organization.

Number	1925*	1926	1927
Consignments	478	2,414	4,036
Hogs	4,002	12,624	20,230
Cattle	143	1,148	2,877
Calves	267	1,573	2,975
Sheep	164	2,921	3,595
Total animals	4,576	18,266	29,677
Gross market value	\$118,808	\$470,917	\$658,271

* From October 15 to December 31.

TWELVE YEARS OF COOPERATIVE LIVESTOCK MARKETING

Patrons of the Renville Farmers' Shipping Association, Renville, Minn., have been supplied with a detailed statement of the activities of the organization for the past twelve years. This statement shows the number of animals of each kind shipped, their weight, the amount of shrink, the gross returns, the amounts paid owners each year, and the value of the animals killed or crippled on the way to market.

The association began business March 1, 1915. The number of cars of stock shipped each of the past 11 years, is as follows:

Year	Cars	Year	Cars
1917	107	1923	287
1918	165	1924	330
1919	210	1925	357
1920	204	1926	352
1921	222	1927	360
1922	274		

Net returns for 1927 at Renville were approximately \$593,600, of which amount \$589,784, or 99.4 per cent, was paid to owners. Local operating expenses were \$5,689, partially met from miscellaneous income.

Figures compiled from the statement prepared by the management are given below:

Year	Cattle and calves	Hogs	Sheep	Total	Gross receipts *	Per cent to owners
1917	1,095	5,929	73	7,097	\$234,749	96.9
1918	1,490	8,114	107	9,711	424,400	97.1
1919	2,042	10,780	158	12,980	575,548	97.2
1920	2,430	11,226	135	13,791	451,526	96.2
1921	2,123	12,791	265	15,179	304,528	93.8
1922	2,523	15,711	497	18,731	404,555	94.9
1923	2,467	18,105	261	20,833	356,639	93.8
1924	2,802	20,880	148	23,830	442,842	94.0
1925	2,683	20,856	339	23,878	673,587	96.6
1926	3,036	19,867	182	23,085	704,979	97.0
1927	2,850	20,611	205	23,666	611,438	96.5

*South St. Paul.

TEN YEARS OF LIVESTOCK MARKETING BY IOWA COOPERATIVE

Sales for patrons in 1927 by the Farmers' Union Livestock Commission, Souix City, Iowa, amounted to \$9,304,371, and purchases for patrons amounted to \$698,213, making the total business for the year a trifle over \$10,000,000. The number of animals of each kind handled was as follows: 28,919 cattle and calves were sold and 2,366 purchased; 291,761 hogs sold and 18,571 purchased; 21,075 sheep sold and 7,421 purchased; making a total of 341,755 animals sold and 28,353 purchased. In terms of car loads 5,687 cars of livestock were sold and 308 cars purchased, a total of 5,995 cars handled.

Selling commissions collected amounted to \$95,711, buying commissions to \$3,522, other income to \$3,326, and total income to \$102,559. Operating expenses were \$62,480 and net earnings were \$40,079. A refund of 40 per cent of commissions paid is announced to all bonafide members.

The average commissions collected, including purchases, were \$16.55 per car, average handling costs were \$10.42 per car, and average net earnings \$6.13 per car, according to the report of the management.

The association was formed in 1918 and is now completing its tenth year of service to livestock producers in the territory tributary to Sioux City. Its activities for the ten years are indicated by the following figures compiled from data obtained from the printed reports and the original records of the association:

Year	Number of animals handled	Commissions received	Operating expenses	Earnings	Per cent of commissions refunded
1918	11,724	-----	-----	-----	---
1919	94,440	-----	-----	\$ 2,955	16
1920	96,886	-----	-----	8,468	30
1921	132,071	-----	-----	19,090	40
1922	223,197	\$ 66,615	\$37,277	29,337	45
1923	*370,591	101,694	51,833	51,265	50
1924	*586,367	157,092	77,693	79,750	40
1925	*554,552	# 93,884	63,748	#30,136	30
1926	*522,439	122,139	67,403	56,737	---
1927	*370,113	99,233	62,480	40,079	40

* Sold and purchased.

Commissions were reduced about 35 per cent in 1925.

OHIO LIVESTOCK ASSOCIATION ISSUES BULLETIN

A recent bulletin issued by the Ohio Livestock Cooperative Association outlines the "Program and Accomplishments" of that organization for the year 1927. The contents include the report of the secretary-treasurer; a summary of the year's progress; brief reports of the work of the producers' agencies at Buffalo, Cleveland, Pittsburgh, Cincinnati, and of the National Producers, also of the Eastern States Company; a resume of the work of each of the service departments; a brief history of the organization; and the program for 1928. Pictures of the men who were leaders in the work during 1927 are shown, with a short sketch of the work of each.

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OHIO SERVICE COMPANY MAKES PATRONAGE REFUNDS

Livestock producers in the vicinity of Wilmington, Ohio, are served largely by the Clinton County Service Company, which was incorporated in 1925. During 1925 this company shipped 259 decks of livestock with a gross value of \$418,646; in 1926, it shipped 229 decks with a gross value of \$403,643; and in 1927 the shipments amounted to 459 decks with a gross value of \$693,617.

In addition to shipping livestock, the service company purchases fertilizers and feeds for members of the Farm Bureau. This commodity business for the last three years has amounted to nearly \$400,000. The gross volume of business for the several years was as follows: 1925, \$139,584; 1926, \$98,738; 1927, \$148,835.

Patronage refunds amounting to more than \$9,000 have been made to members.

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BULLETIN TELLS OF TERMINAL LIVESTOCK MARKETING AGENCIES

"Cooperative Marketing of Livestock in the United States by Terminal Association," is discussed by C. G. Randell in Technical Bulletin No. 57 of the U. S. Department of Agriculture. The bulletin represents a first hand study of the terminal agencies with the collection of much information from their records, reports and statements, followed by a compilation and analysis of the information. The cooperative agency in operation is described, and the services it renders are enumerated, together with some of the problems the manager must meet. Existing agencies and discontinued agencies are described and some of their accomplishments stated. In conclusion the author presents a working program for terminal livestock associations and their overhead organizations. Copies of the bulletin may be procured from the Division of Cooperative Marketing, U. S. Department of Agriculture, Washington, D. C.

MORE BUSINESS REPORTED BY WASHINGTON EGG ASSOCIATION

A much larger volume of business was handled by the Washington Co-operative Egg and Poultry Association, Seattle, during 1927 than ever before. Egg sales were a million dollars larger than in 1926 and total sales were more than \$4,000,000 larger than in the preceding year. Egg receipts for the year amounted to 986,281 cases. Of this quantity, 260,247 cases were sold in Pacific Coast markets and Alaska, and 689,747 cases were sold through the Pacific Egg Producers, Inc., the New York sales agency for several Pacific Coast producer organizations. The eggs handled, in terms of car loads, amounted to 1,914 cars. Operating cost per case of eggs for each of the last five years, as given by the association's auditor, was as follows: 1923, \$1.13; 1924, \$1.162; 1925, \$1.10; 1926, \$1.103; 1927, \$1.138.

Poultry receipts amounted to 2,745,095 pounds. This was sold mostly on the Pacific Coast. However, 17,334 pounds were shipped to Honolulu and 308,883 pounds were marketed through the Pacific Egg Producers.

Increased quantities of feed were handled through the retail feed department. The total for 1927 was 109,845 tons, compared with 83,354 tons for 1926. During the year two unit mills were established for mixing feeds, giving the association a total of five mills.

The purchasing department which was established on June 1 of 1927, handled before the close of the year, 147 car loads of egg cases, 59 car loads of case fillers, 12 cars of flats, 2 cars of nails, 1,526,348 cartons, 1,800,000 tags, besides smaller quantities of numerous other items. Department sales amounted to \$563,500,000.

The association owns and operates 64 trucks. One hundred forty refrigerator cars, carrying the trade-mark of the association, were used in moving the products to markets.

Figures indicating the growth of the enterprise during the last six years are given in the following table:

Year	Eggs sold		Poultry sales	Feed sales	Total sales*
	Cases	Value			
1922	266,284	\$2,522,180	\$134,688	\$ 369,350	-----
1923	373,112	3,251,967	212,161	772,456	-----
1924	326,135	4,009,997	230,217	1,265,678	-----
1925	531,090	6,017,798	323,048	2,974,319	\$10,969,501
1926	740,990	7,592,521	487,637	#6,195,258	14,303,398
1927	960,486	8,754,330	580,002	#8,848,279	18,387,588

* Including sales of eggs, poultry, feed, egg meat, pad manufacturing, and feed mill departments. # Retail sales and mill sales.

CALIFORNIA EGGS SOLD IN RETAIL CHANNELS

During 1927 the Poultry Producers of Southern California, Los Angeles, handled 2,390,995 dozen eggs, 79,900 cases, for its members, resulting in total earnings of \$17,000. From about the first of April the management waged an aggressive campaign to dispose of eggs in retail markets, restaurants, hotels, etc., rather than to sell to jobbers and wholesalers. About 22,000 cases were stored during the spring months.

Several changes were made during the year to reduce expenses. Buildings not needed by the association were leased to business firms, and certain portions of the warehouse were used jointly with another organization, and the two cooperated on clerical work.

An affiliated organization, the Poultrymen's Cooperative Milling Association, handled a tonnage of 45,016, and reported net earnings of \$43,075 for the year. This company, in addition to distributing feed, collected and distributed eggs for the Poultry Producers.

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MISSOURI COMPANY HANDLES POULTRY AND EGGS

Quantities of eggs, live poultry and dressed poultry pass each year through the commodious plant of the Producers' Produce Company, Springfield, Mo. Reports presented at the eighth annual meeting, January 17, showed that in 1927 the company shipped 5,445,751 pounds of live poultry, 1,353,475 pounds of dressed poultry, and 270,241 cases of eggs, or the equivalent of 320 cars of live poultry. 67 cars of dressed poultry, and 675 cars of eggs, a total of 1,062 cars.

Sales for the year aggregated \$3,796,766, the largest in the history of the association. Figures for former years are as follows: 1920, \$436,563; 1921, \$936,910; 1922, \$1,024,894; 1923, \$1,007,784; 1924, \$1,164,058; 1925, \$2,145,592; 1926, \$3,153,273.

The company was incorporated in 1920 as the Farm Club Cold Storage Company, the name being changed later to the Producers' Produce Company. It owns and operates a large plant equipped for handling eggs and poultry by modern methods. All eggs are candled and graded and the egg department is being enlarged to provide for handling six cars of eggs a day. From 40,000 to 50,000 birds can be fed at a time in the poultry department on a balanced ration to produce fancy milk-fed poultry, and the killing plant has a capacity of 6,000 birds a day. The dressed poultry is graded and packed in boxes, 12 birds to a box, for shipment to market. The cold-storage plant has five large rooms, each with temperature automatically controlled, where eggs are kept cool and dressed poultry is frozen.

Ten per cent of net earnings of the year was carried to the reserve fund, an 8 per cent dividend was paid on capital stock, \$70,000 was paid in patronage dividends, and the balance carried to surplus.

RIVER RICE GROWERS PLANNING MEMBERSHIP DRIVE

Plans are maturing for a new membership campaign by the River Rice Growers' Cooperative Association, Baton Rouge, La., as the first agreement covering five years will soon terminate. The president reported that 56 per cent of the crop has already been signed without a systematic campaign. As soon as about 60 per cent is secured the association will be in a position to operate. The new contract is for a period of 10 years, with the privilege of withdrawal at the end of three years.

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PECAN EXCHANGE SETTLING FOR TWO CROPS

Final settlement on 1926 pecans in the first pool was made late in February by the National Pecan Growers' Exchange, Albany, Ga. The management planned to follow this with payment for the other 1926 pools and then for the 1927 crop.

Quantities of the large crop of 1926 were carried over in cold storage by the Exchange and sold before the 1927 crop came on the market. More new markets were opened up than ever before. The management feels that some of the secrets of successful cold storage of pecans have been learned and that eventually a twelve months selling season will be developed.

First advances to members ranged from 5 to 10 cents a pound for good nuts, depending on size. Other payments have been made from time to time. A sales manager has now been added to the force of the organization.

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FIVE YEARS OF COTTON MARKETING IN MISSISSIPPI

Five years of cooperative cotton marketing by the Mississippi Farm Bureau Cotton Association, Jackson, will be completed on March 30, 1928, and the first membership agreement will terminate on May 8. Many members have already signed a new agreement and copies have been sent to all other members with notice that their memberships will expire unless they sign the new agreement. The new contract is said to be more liberal and more advantageous than the first one.

Steady growth has marked the five years. Deliveries of cotton, as reported by the management, have been as follows: 1923-24, 33,859 bales; 1924-25, 44,188; 1925-26, 42,633; 1926-27, 55,223; 1927-28, 64,489 (to February, 16, 1928). Most of the cotton delivered the last two years has been under the new contract.

Through the work of the association, Mississippi farmers have been able to have their cotton classed accurately and to have it sold direct to the mills of this and other countries, about 25 per cent being exported to France, Germany, Italy, Spain, Holland, China, and Japan. A trade name, "Miscot" has been adopted and is used for cotton of uniform grade.

LIQUIDATED DAMAGES RECOVERED IN NEW YORK

On December 30, 1927, the Appellate Division of the Supreme Court of New York State decided the case of Parker v. Dairymen's League Cooperative Association, 226 N.Y.S. 226. In this case Parker brought suit against the association for \$503.48, on account of milk which he had delivered to the association for marketing, claiming that this was the proceeds derived from the sale of his milk after making the deductions authorized by his marketing contract, under which the association acted as agent for the sale of milk. The association made a counter-claim for liquidated damages of \$615.13, on account of the fact that the plaintiff had failed to carry out his contract with the association. The lower court held that neither plaintiff nor defendant was entitled to relief because the action was brought in law and the court was of the opinion that an equity suit should have been instituted. Both parties then appealed and the court held that the action had been properly brought. The court further decided that the rule prescribed by the marketing contract for ascertaining liquidated damages, namely, "\$10 per cow for 20 cows, and, if the failure to deliver such milk to the defendant continued for more than one month thereafter, in the amount of \$3 per cow per month as long as such failure continued," had a fair relation to the actual damages ordinarily suffered in like circumstances, which is required by the cooperative act under which the association was formed. Under the circumstances the court held that the plaintiff was entitled to recover nothing and that the association was entitled to retain the entire sum sued for by the plaintiff as liquidated damages.

L. S. Hulbert.

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LOSS NOT DUE TO RESTRAINING ORDER

Recently the Court of Appeals of Kentucky decided the case of the Burley Tobacco Growers' Cooperative Association v. Pennybaker Home for Girls, 299 S.W. 734. It appeared that the association successfully brought suit against one of its members for the purpose of enjoining him from disposing of tobacco grown or acquired by him outside of the association. The Pennybaker Home for Girls was made a party, and a temporary restraining order was also issued against the Home for Girls, restraining it from disposing of the tobacco in question outside of the association. In order to obtain the temporary restraining order it was necessary for the association to execute a bond which, in general terms, obligated the association to compensate the Home for Girls for any loss that it might suffer on account of the restraining order, in the event it should develop that the restraining order should not have been issued. After the restraining order had been in effect for five or six days, it was dissolved. During the interval in question, however, \$750 worth of the tobacco in question was stolen, and the Home for Girls then brought suit on the bond, seeking

to have the association compensate it for this loss. On the trial of the case, the jury found in favor of the plaintiff for \$550 and the association then appealed. The appellate court reversed the trial court, holding that the theft of the tobacco was not "the natural or approximate result of the wrong committed by the restraining order." The association was not in possession and control of the tobacco during the period in question, and the court held that the association was not liable because there was no relation between the theft of the tobacco and the obtaining of the restraining order.

L. S. Hulbert.

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NOT ALL COOPERATIVES ARE TAX EXEMPT

Cooperative associations should investigate and ascertain if they are exempt from the payment of income taxes. Some cooperatives apparently proceed upon the theory that inasmuch as they are cooperatives, there is no question but that they are exempt from the filing of income tax returns; in other words, that they are exempt from the payment of income taxes. This is an unwise assumption, because only those cooperatives that meet the conditions specified by Congress are entitled to exemption. The fact that an association regards itself as a cooperative is insufficient unless the association meets the conditions specified by Congress for exemption. Instances have been known in which associations proceeded upon the theory that they were exempt from the payment of income taxes and then years later it was found that they did not meet the conditions specified by Congress and hence were not exempt, and for this reason were called upon to pay taxes, sometimes in a substantial amount. The only safe course for an association to pursue is to ascertain now if it is exempt.

Generally speaking, farmers' organizations are exempt if they are mutual in character, if nonmembers are treated on the same basis as members -- that is, if no profit is made on nonmembers. Associations may do as much business with nonmembers as they do with members and still be exempt if profits are not made on the nonmember business. Substantially all of the voting stock of a cooperative must be held by producers if it is to be eligible for exemption, and it may pay dividends on its stock but not to exceed the legal rate of interest in the state in which formed, or 8 per cent, whichever is greater. Reasonable reserves may be established for any necessary purpose without destroying the right to exemption.

Each association that has not already done so should, for its own protection, take up the matter of its exemption with the collector of internal revenue for the district in which it is located.

L. S. Hulbert.

ARKANSAS COOPERATIVES WORKING FOR UNITY

An important result of the School of Cooperative Marketing, held in Little Rock, Ark., January 23 to 25, was the development of sentiment in favor of better cooperation between the cooperatives of the state. The idea was stressed by several speakers during the three days and met with general approval. Now the Cooperative Marketing Council of Arkansas has been organized to coordinate the work of all the agencies engaged in improving Arkansas agriculture. Definite plans are still to be formulated but the council is to act as an advisory body and a means of contact between existing organizations.

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SOUTH DAKOTA HOLDS THIRD COOPERATIVE INSTITUTE

A championship debate by teams from community clubs was a prominent feature of the first session of the third annual Cooperative Institute of South Dakota. This institute was held January 11 to 13 at Aberdeen and the debate was preceded by the annual banquet of the Equity Union Creamery of Aberdeen. The subject debated was, "Resolved: That the producers' contract is essential to the greatest success of a co-operative marketing association."

"How far can the cooperatives go on the road to the consumer?" was the general topic for the second session. Grain marketing, live-stock marketing, and legal problems, were the leading topics at other meetings. European cooperation and the extension program, were also discussed.

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LANTERN SLIDES SHOW WALNUT MARKETING

A film-strip lecture entitled "Cooperative Marketing of California Walnuts" is now available for field use. The film strip and accompanying lecture were prepared in the Division of Cooperative Marketing of the Department of Agriculture, 71 scenes and explanatory titles being used to present a graphic picture of the handling and marketing methods of the California Walnut Growers' Association, Los Angeles. The photographs illustrate the production of walnuts and the handling practices from the time the nuts are harvested until they leave the packing houses in sacks or the by-products plant as canned meats. The series may be purchased through the Office of Cooperative Extension, Extension Service, U. S. Department of Agriculture, Washington, D. C., or may be borrowed from the same office.

NEW MILK MARKETING PUBLICATION

"The Chatterbox" is the name of a four-page paper being published "every now and then, sometimes oftener" by the management of the Turner Centre System, Auburn, Maine. All of the space is used in bringing to the attention of Turner Centre shareholders current information regarding matters vital to the success of their business enterprise.

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ORLEANS CREAMERY ISSUES FOURTH YEARBOOK

"The Lucky Horseshoe" is the title under which the Farmers' Equity Cooperative Creamery Association, Orleans, Nebr., issues its fourth annual yearbook. The attractive booklet of 40 pages contains history, statistics, general information, the last financial statement, many illustrations, and other features of interest. The manager states that he will send free copies of the booklet to anyone making a request.

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NEW LIST OF COOPERATIVE PUBLICATIONS COMPILED

An up-to-date "List of Publications on Farmers' Cooperative Associations" has been compiled by the Division of Cooperative Marketing and is available for distribution. The list includes department bulletins, technical bulletins, farmers' bulletins, circulars, preliminary reports, addresses, and other mimeographed publications of the Bureau of Agricultural Economics. Copies of the list may be procured from the Division of Cooperative Marketing, U. S. Department of Agriculture, Washington, D. C.

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"ECONOMIC ASPECTS OF OHIO FARMERS' ELEVATORS"

The development of farmers' elevators in Ohio is traced and some of the more important management problems are considered in a recent bulletin bearing the title "Economic Aspects of Ohio Farmers' Elevators." L. G. Foster is the author. A field survey of all the elevators known to exist in Ohio, was made in 1924 as a basis for the study and "the data used deal for the most part with 165 companies, but in some instances they cover all of the 265 companies located in the State." All these Ohio elevators have been organized during the present century. From the data secured the characteristics of the associations were determined, with the policies and practices involved. A final summary includes the conclusions reached. The bulletin is number 416 and is published by the Ohio Agricultural Experiment Station, Wooster, Ohio.

COUPON BOOKS FOR DETERMINING PATRONAGE DIVIDENDS

Coupon books for use in collecting patronage dividends on business done through cooperative associations are being distributed to the Farm Bureau members in Michigan. On March 1 of each year the books will be called in by the treasurer of the state organization and the amount of dividend due the holder of each book will be determined in accordance with the amount of sales or purchases in connection with services furnished by departments of the state organization or by affiliated associations and the net earnings of such service departments and affiliated associations.

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WISCONSIN ASSOCIATION SHIPS POTATOES AND LIVESTOCK

The Northwestern Produce Company, Waupaca, Wis., is serving 350 members in the marketing of potatoes and livestock and in the purchasing of flour, feed, machinery, cement, coal and merchandise. Sales for its last business year ending June 30, 1927, were \$173,310, made up of the following items: potatoes, \$90,484; livestock, \$43,426; machinery, \$933; flour and feed, \$16,274; cement, \$2,546; coal, \$7,050; hay, \$2,324; merchandise, \$10,273. Refunds on potato shipments amounted to \$1,125.

In addition to the business handled at Waupaca the company shipped potatoes from Sheridan and also supplied its members at that point with merchandise. Net earnings for the year at the two stations were \$4,579.

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COOPERATIVE OIL ASSOCIATION REPORTS GOOD BUSINESS

Receipts from sales to the amount of \$89,527, are reported by the Consumers' Cooperative Oil Company, Clarkfield, Minn. Goods sold were as follows: gas and distillate, 476,198 gallons; lubricating oils, 15,009 gallons; alcohol, 3,217 gallons; grease, 5,190 pounds; sweeping compound, 3,100 pounds. Expenses for the year amounted to \$11,112, over half of which was for personal services in operating the business. Net earnings of \$14,112 resulted from the operations of the year. From this, \$1,200 was charged off for depreciation, \$856 was paid to shareholders as interest on capital, and \$10,274 was devoted to a patronage refund. The company owns building and equipment valued at \$9,937, and has undivided profits of \$7,619, accumulated from 1925, 1926 and 1927.

The company was organized in 1924 and is now serving about 600 farmer-patrons most of whom are shareholders.

REPORTED BY THE ASSOCIATIONS

Total income of the Iowa Cooperative Live Stock Shippers, Des Moines, Iowa, a coordinating agency for the local shipping associations, was \$10,786. Disbursements amounted to \$10,670, leaving \$116 with which to begin 1928.

Considerable stress was laid upon cooperative marketing at Ontario's first school of marketing in Toronto in January. The school, which was arranged by the educational department of the United Farmers' Cooperative Company, Ltd., was attended by about 100.

Commissions to the amount of \$102,540 were earned by the Rice Growers' Association of California, during the business year ending June 30, 1927. Operating expense for the year was \$96,499. Net earnings were \$2,590 and the accumulated surplus on June 30 was \$31,953.

The Canadian Cooperative Poultry Producers, Ltd., has been formed to act as a sales agency for the Manitoba and Saskatchewan cooperative poultry marketing associations. The new organization, which will have headquarters in Winnipeg, aims to prevent competition between the two provincial associations.

Patronage dividends amounting to \$16,202 were paid to the patrons of the Lyon County Cooperative Oil Company, Marshall, Minn., on the business transacted during the year ending November 30, 1927. In addition, interest was paid on the share capital. The total dividends paid during the four years that the organization has been operating amount to \$48,187.

Sixty-six farmers' cooperatives were organized in Manitoba during 1927, according to a recent report of the Manitoba Cooperative Marketing Board. Forty-three of the associations were for owning elevators; 13 for marketing livestock; 4 were trading associations; 3, associations of seed growers; 2 were cooperative wholesales; and one was a central agency for marketing livestock for the associations in the prairie provinces.

Wool growers of northern Ontario are availing themselves more and more of the services of the Canadian Cooperative Wool Growers, Ltd., Toronto. In 1924 there were 94 shippers in the northern part of the Province; in 1925, 145 growers consigned 26,000 pounds to the warehouse of the cooperative at Weston; in 1927, 173 growers shipped 35,000 pounds. In addition these producers are cooperating in the shipment of lambs. Two years ago five carloads were shipped cooperatively and the results were so satisfactory that last year ten cars were shipped in the same way.

SELECTED LIST OF PUBLICATIONS AND ARTICLES

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- Co-ops Win Momentous Victory: Cooperative Marketing "Promotes the Common Interest" is Declaration of U. S. Supreme Court. Washington Farmer, Spokane, Wash., March 1, 1928, p. 1.
- Dickinson, Roy. Cotton Growers Get Down to Merchandising Fundamentals. Printers' Ink, New York City, February 16, 1928, p. 149.
- Downie, Ernest R. Reserves Are Necessary in Nonstock Cooperatives. Wheat Growers' Journal, Wichita, Kans., March 1, 1928, p. 7.
- Hopson, Emet N. By-products of Cooperation. Hoard's Dairyman, Fort Atkinson, Wis., February 25, 1928, p. 196.
- Jardine, W. M. The Secret of Farm Prosperity. (Reported by Theodore M. Knappen) Magazine of Wall Street, New York City, February 25, 1928.
- Jones, J. W. The Part of Members in Cooperative Enterprises: Farm Groups Need to Clear Away the Mystery That Has Attached to Merchandising. Wheat Growers' Journal, Wichita, Kans., March 1, 1928, p. 9.
- Masterson, C. S. Commodity Cooperative Marketing Meets Present Needs. Hoosier Farmer, Indianapolis, Ind., February 15, 1928, p. 3.
- Richards, Glen. Why Have a Wheat Pool? South Dakota Wheat Grower, Aberdeen, S. Dak., March 1, 1928, p. 1.
- Rommel, George M. Baltimore's Good Milk: How Dairymen of the Baltimore Milk Shed Have Organized Their Prosperous Business. The Farm Journal, Philadelphia, Pa., March, 1928, p. 26.
- Taft, R. L. Elevator Problems of the North Dakota and Montana Farmers. (Radio address) The Wheat Grower, Grand Forks, N. D., March 1, 1928, p. 7.
- United States Supreme Court Rules for Cooperatives. (Editorial) Wisconsin Farmer, Madison, Wis., March 1, 1928, p. 3.
- Weller, Charles S. A Mid-West Alliance. The Farm Journal, Philadelphia, Pa., March, 1928, p. 13.

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